

Message Text

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INFO OCT-01 CCO-00 RSC-01 SSO-00 ISO-00 NSCE-00 NSC-07

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APPROVED BY S/S-O: P. P. SARROS

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FM SECSTATE WASHDC

TO USDEL ALEXANDRIA IMMEDIATE

INFO AMCONSUL JERUSALEM IMMEDIATE

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TOSEC 146

E.O. 11652: N/A

TAGS: OVIP, (KISSINGER, HENRY A.)

SUBJECT: NYT ITEM BY KATHLEEN TELTSCH - U.S., AT U.N.

SESSION, ASKS \$4-BILLION FOR POOR NATIONS

QUOTE: UNITED NATIONS, N.Y., APRIL 30 -- THE UNITED STATES PROPOSED TODAY A \$4-BILLION PROGRAM TO HELP THE MOST ECONOMICALLY DISTRESSED COUNTRIES.

UNDER THE PROPOSAL, SUBMITTED TO DELEGATES AT THE GENERAL ASSEMBLY'S SPECIAL SESSION ON RAW MATERIALS AND DEVELOPMENT, THE INDUSTRIALIZED COUNTRIES AND AFFLUENT OIL-PRODUCING NATIONS WOULD PROVIDE EMERGENCY AID OVER THE NEXT YEAR AND A HALF IN THE FORM OF GRANTS AND LOANS, AS WELL AS WITH SUCH COMMODITIES AS FOOD PETROLEUM AND FERTILIZERS.

AN AMERICAN SPOKESMAN SAID THAT THE UNITED STATES WAS PREPARED TO CONTRIBUTE A "FAIR SHARE" IF THE PROGRAM WAS APPROVED BY THE ASSEMBLY.

ALTHOUGH THE KIND OF AMERICAN HELP BEING CONSIDERED WAS NOT SPECIFIED HERE, IT IS UNDERSTOOD THAT IT WOULD LIKELY INCLUDE A SIGNIFICANT CONTRIBUTION OF CEREAL GRAINS- A CONTRIBUTION FOR WHICH THE ADMINISTRATION WOULD NOT HAVE

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TO GET ADDITIONAL ACTION BY CONGRESS.

THE UNITED STATES PROGRAM ALSO CALLS FOR RENEGOTIATING THE DEBTS OF THE COUNTRIES HARDEST HIT BY THE RISE IN PRICES, PARTICULARLY FOR OIL, IN RECENT MONTHS. ESTIMATES VARY ON HOW MUCH SUCH DEBT MIGHT BE INVOLVED BUT MORE THAN A BILLION IS OWED TO THE UNITED STATES, LARGELY BY COUNTRIES IN SOUTHERN ASIA, WHICH WOULD COME DUE BY THE END OF 1975. THE ADJOURNMENT OF THE SPECIAL SESSION, WHICH BEGAN APRIL 9 AND WAS TO END TODAY, WAS PUT OFF AGAIN UNTIL TOMORROW OR THURSDAY.

HOWEVER, A NUMBER OF DIPLOMATS STILL MAINTAINED THAT THE AMERICAN PROPOSAL WAS SUBMITTED TOO LATE IN THE SESSION TO MAKE SUCH DIFFERENCE, SOME EVEN TALKED ABOUT REFUSING TO DISCUSS IT, AND ONE SAID, "I'M NOT EVEN BOTHERING TO SEND IT HOME."

THE UNITED STATES INITIATIVE WAS TAKEN AFTER A SERIES OF CONFUSING DELAYS. QUALIFIED SOURCE SAID THE PROPOSAL WAS BLOCKED AT ONE POINT BY OBJECTIONS BY THE OUTGOING SECRETARY OF THE TREASURY, GEORGE P. SHULTZ. MR. SHULTZ HAS SAID THAT THE ECONOMIC PREDICAMENT OF THE POORER DEVELOPING COUNTRIES HAS ESSENTIALLY BEEN CAUSED BY THE STEEP RISE IN OIL PRICES AND THAT THE SOLUTION IS TO GET OIL PRODUCERS TO LOWER PRICES RATHER THAN TO TRY PALLIATIVE MEASURES SUCH AS EMERGENCY ASSISTANCE.

DURING THE NIGHT THE UNITED STATES DELEGATION WAS UNDERSTOOD TO HAVE RECEIVED INSTRUCTIONS TO GO AHEAD WITH THE PROPOSAL FROM SECRETARY OF STATE KISSINGER, IN ALGERIA.

THE SPECIAL ASSEMBLY SESSION WAS CALLED AT THE REQUEST OF PRESIDENT HOUARI BOUMEDIENE OF ALGERIA IN THE NAME OF THE DEVELOPING COUNTRIES. IT WAS ASSUMED HERE THAT MR. KISSINGER DISCUSSED THE AMERICAN PROPOSAL DURING HIS TALK YESTERDAY WITH PRESIDENT BOUMEDIENE.

LED BY ALGERIA, THE DEVELOPING COUNTRIES HAVE SUBMITTED THEIR OWN PROPOSALS TO THE ASSEMBLY, ONE BEING FOR EMERGENCY MEASURES TO HELP THE COUNTRIES MOST AFFECTED BY ECONOMIC PROBLEMS -- PROBLEMS THAT THEY HAVE ASSERTED HAVE BEEN CAUSED MORE BY THE HIGH COSTS THEY PAY FOR GENERAL IMPORTS FROM THE INDUSTRIALIZED COUNTRIES THAN BY THE OIL PRICE RISE.

THE INITIAL ALGERIAN RESPONSE TO THE AMERICAN MOVE WAS T

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CHARACTERIZE IT AS A MANEUVER AIMED AT CREATING DISSENSION AMONG THE RANKS OF THE DEVELOPING COUNTRIES. THE ALGERIAN AND SOME OTHERS SAW IT AS AN AMERICAN TACTIC TO KEEP THE ASSEMBLY FROM APPROVING THEIR OWN PROPOSALS, WHICH HAVE RUN INTO OPPOSITION MAINLY FROM THE UNITED STATES, BUT ALSO FROM WESTERN EUROPEAN COUNTRIES.

A NUMBER OF MEMBERS SAID THAT THEY WERE RESENTFUL THAT THE AMERICAN RECOMMENDATION WAS PUT IN JUST AS THE ASSEMBLY

WAS PREPARING TO ACT ON THE PROPOSALS OF THE DEVELOPING COUNTRIES. OTHERS, HOWEVER, FELT THAT THE NEW INITIATIVE WAS A SIGNIFICANT DEVELOPMENT WARRANTING A DELAY BY THE ASSEMBLY.

SAMAR SEN OF INDIA, WHOSE COUNTRY HAS BEEN ONE OF THE

HARDEST HIT ECONOMICALLY, SAID THE AMERICAN REASONS FOR ACTING EVEN AT THIS LATE STAGE WERE "ACCEPTABLE."

THE AMERICAN PROPOSAL CLEARLY SOUGHT IMMEDIATE RELIEF TO TIDE THE COUNTRIES WITH DEFICITS OVER THE COMING MONTHS BY URGING THAT SUCH HELP BE GIVEN BY THE END OF 1975. IT ENUMERATED 10 BROAD CATEGORIES OF SPECIAL KINDS OF ASSISTANCE.

THE UNITED STATES PROPOSAL WOULD NOT CREATE NEW MACHINERY AND WAS COINED IN BROAD ENOUGH TERMS SO THAT IT COULD INCLUDE UNDER ONE UMBRELLA A VARIETY OF PROMISES OF ASSISTANCE OFFERED EITHER BILATERALLY OR THROUGH MULTILATERAL CHANNELS. AN AMERICAN OFFICIAL SAID THIS COULD COVER THE AID OF \$150-MILLION OFFERED BY THE SHAH OF IRAN IN FEBRUARY AS AN INDUCEMENT TO GET OTHER OIL PRODUCERS AND THE INDUSTRIALIZED COUNTRIES TO JOIN IN HELPING TO EASE THE PAYMENTS DEFICITS OF COUNTRIES MOST AFFECTED BY THE OIL PRICE INCREASES.

THESE INCLUDE COMMODITY ASSISTANCE SUCH AS WITH FOOD STOCKS ON EASY TERMS OR ON OUTRIGHT GRANT BASIS--AND ALSO PROVISION OF CAPITAL GOODS ON FAVORABLE TERMS. THE PROGRAM DEBTS ON A CASE-BY-CASE BASIS.

UNDER THE AMERICAN PROPOSAL, SECRETARY GENERAL WALDHEIM WOULD BE ASKED TO MAKE A WORLDWIDE APPEAL TO MEMBERS FOR EMERGENCY RELIEF FOR THE COUNTRIES IN GRAVEST ECONOMIC DIFFICULTIES. END QUOTE. NYT 5/1/74. RUSH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 02 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE090044
Document Source: CORE
Document Unique ID: 00
Drafter: O: W. LITTREL:WS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740104-1003
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740579/aaaactbj.tel
Line Count: 145
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN SS
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 17 OCT 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 OCT 2002 by boyleja>; APPROVED <02 JAN 2003 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NYT ITEM BY KATHLEEN TELTSCH - U.S., AT U.N. SESSION, ASKS \$4-BILLION FOR POOR NATIONS
TAGS: OVIP, (KISSINGER, HENRY A)
To: ALEXANDRIA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005